United Nations S/2007/242

Security Council

Distr.: General
30 April 2007

Original: English

Letter dated 27 April 2007 from the President of the Security Council to the Secretary-General

I have the honour to inform you that your letter dated 27 March 2007 (S/2007/241), and the attached note, concerning the processing of letters of credit pertaining to the oil-for-food programme, has been brought to the attention of the members of the Security Council.

They welcomed the ongoing work of the United Nations Secretariat, in particular the Secretariat's efforts to meet with the relevant authorities of the Government of Iraq in Amman on 6 March 2007, to discuss pending issues with a view to finding a solution that would bring the oil-for-food programme to a close by 31 December 2007.

In this regard, they took note of and agreed with the proposal in paragraph 2 of your note to extend certain letters of credit until the end of 2007, and further agreed that the United Nations Secretariat should not support any extension that would result in delivery beyond 31 December 2007. The Council members also noted that the Government of Iraq and the United Nations Secretariat have agreed to cancel 55 letters of credit with a total value of approximately $226.9 million.

The members of the Council noted their concern and disappointment regarding your observation that slow progress, or in some cases no progress, has been made in the provision of authentication documents related to remaining contracts and the associated letters of credit under the oil-for-food programme, and that there are currently 184 letters of credit with an approximate value of $182 million which have expired and for which there are claims of delivery from the suppliers. They underlined that this situation could present a serious risk to the possibility of the timely termination of the programme.

The Council members recalled, as set out in your note of 10 July 2006, that a balance of funds of $187 million is to be held in the United Nations Iraq Account as a reserve for any unanticipated claims, until the issues related to claims from suppliers are resolved.

The members of the Security Council, referring to the letters from the President of the Security Council to you dated 11 August 2006 and 29 January 2007, reaffirmed the importance of promptly finding a final solution to the remaining issues so that payments can be made to the concerned companies and so that the programme can close as currently scheduled during the course of 2007.

07-32596 (E) 100507

To that end, they have addressed another letter to the Permanent Representative of Iraq to the United Nations urging the Government of Iraq to do its utmost, in liaison with the United Nations Secretariat, to expedite the processing of the remaining letters, in particular to solve the chronic problem of slow provision or non-provision of authentication documents and to address allegations regarding the improper withholding of authentication documents, about which the Council members expressed their ongoing concern, in order to achieve the timely termination of the programme.

The members of the Council invited the Permanent Representative to send a reply setting out the views and experiences of the Government of Iraq in this matter, and providing specific answers regarding the aforementioned issues, in particular the problems related to slow provision or non-provision of authentication documents.

The members of the Security Council request the Secretary-General to continue his efforts, to report to the Security Council within two months on the progress made, and in that report to make specific recommendations regarding all outstanding issues.

The Security Council members also take note of the Secretary-General's letter of 9 April 2007 regarding payments under letters of credit by BNP Paribas. The Security Council members agreed that the concerns raised in the letter highlight the need for all outstanding issues pertaining to the oil-for-food programme to be resolved forthwith. They invite the Secretary-General to keep them regularly informed of developments.

(*Signed*) Emyr **Jones Parry**
President of the Security Council